



News Corporation

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RICK LANE
VICE PRESIDENT
GOVERNMENT AFFAIRS

August 12, 2003

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE Ex Parte Notice – Public Notice
MB Docket No. 02-230, CS Docket No. 97-80 and PP
Docket No. 00-67

Dear Ms. Dortch:

On August 12, 2003, Andrew G. Setos of Fox Entertainment Group, Inc., Ron Wheeler of Fox Entertainment Group, Inc., and Rick Lane of the News Corporation met with Paul Gallant from Chairman Powell's office to discuss the Broadcast Flag and Plug and Play proceedings and the impact that these proceedings will have on the ability of the content and distribution communities to protect content against piracy as well as to develop new and innovative consumer friendly business models.

Specifically, we stated our support for the FCC moving forward with the Plug and Play rule and that our recommendations will not hinder the ability of the consumer electronics industry to bring devices to market in a timely manner. We discussed our concerns with federally mandated encoding rules and the impact such rules would have on future business models of the cable and satellite industries.

In addition, we expressed our concern that even federally mandated encoding rules would become moot if the Commission did not address two specific aspects of the Plug and Play order. First, the rule must deal with compromised digital outputs. If there is no effective and neutral mechanism within the rule to take into account a compromised digital output, then the encoding rules are meaningless as a practical matter and the content and distribution communities would lose the ability to protect their products and services over the cable platform. This would have a negative impact on consumer choice by forcing content providers to move away from cable and look to other secure distribution platforms, such as the Internet or pre-recorded formats, to deliver high value content to consumers as they develop new business models. Second, high definition analog outputs represent as much of a threat to the protection of content and future business models as does a

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compromised digital output. Therefore, the FCC should address as part of the Plug and Play agreement the inability of high definition analog outputs to protect any form of digital content.

Finally, we stated that the Broadcast Flag proceeding must be part of, or move in tandem with, the Plug and Play proceeding. If the plug and play deal becomes the law of the land, the consumer electronics industry will begin to build devices that have both Plug and Play cable compatibility and built in DTV receivers. If these dual products are built without the ability to read and respond to the broadcast flag, the FCC will have created an unnecessary legacy problem that it may never be able to rectify. This will make free over the air DTV a second-class delivery mechanism and potentially cripple the future of DTV.

Pursuant to Section 1.1206(b) of the Commission's Rules, an original and two copies of this letter are being submitted to the Secretary's Office. Copies are also being provided to those at the FCC who attended the meeting.

If any questions should arise concerning this matter, kindly contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Lane", with a stylized flourish at the end.

Rick Lane

cc. Chairman Powell
Paul Gallant